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Dianne Wampler 07/05/2006 04:18:21 PM From DB/Inbox: Dianne Wampler

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ACTION: ECON
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FM AMCONSUL ISTANBUL
TO RUEHC/SECSTATE WASHDC 5397
INFO RUEHAK/AMEMBASSY ANKARA 5305
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RUCPDOG/DEPT OF COMMERCE WASHDC
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SUBJECT: PRESCRIPTION FOR TURKEY'S PHARMACEUTICALS MARKET

1. (SBU) Summary. At a June 9 meeting in Istanbul, American pharmaceutical company directors expressed satisfaction that Turkey remained on the 2006 Special 301 Priority Watch List but told Ambassador Wilson that inadequate patent protection and an absence of transparency in the GOT's health bureaucracy continue to stymie U.S. market access. Current facilitator for the Local American Working Group (LAWG) and Merck Director Jeff Kemprecos argued that the GOT's continued reimbursement of medical costs related to "over the counter" generic remedies, including ginkgo products, was costing the GOT about USD 50 million a year and effectively limiting patient access to more effective innovative medicines. At the same time, Kemprecos said, Turkey spent less per capita on pharmaceuticals than its European comparator countries. A shift in GOT practices, he suggested, could result in significant additional foreign investment in Turkey, along the lines of the "Irish miracle," with U.S. companies choosing to produce drugs here. End summary.

2. (SBU) Managing directors and representatives of Schering-Plough, Merck Sharp & Dohme, Pfizer, Johnson & Johnson, Lilly, Bristol-Myers Squibb, Abbott, Pfizer and Wyeth Laboratories discussed with Ambassador Wilson the challenges facing American pharmaceutical companies in Turkey, including IPR violations and potential molecular theft, the absence of regulatory transparency and efficiency, and unfair competitive practices and limited patient access to innovative medicines due to lack of funding. Despite steady growth in the dollar value of all OTC and prescription medicines sold in Turkey over ten years, LAWG facilitator Jeff Kemprecos said these issues continue to thwart industry growth in Turkey.

¶3. (SBU) Lilly Managing Director Jeremy Morgan asked that the United States continue to use its diplomatic leverage with Turkey to press for improvement in IPR protection, regulatory transparency, and the dropping of arbitrary restrictions in manufacturing, noting that this could lead to major pharmaceutical investment capital for Turkey. Citing the Irish example, Morgan and Kemprecos argued that Turkey has the potential to become a major manufacturing point for European and Middle East markets. As it was, some of the problems in the Turkish pharmaceuticals market lead directly to the loss of USD 50 million annually in health care expenditures on useless product. A shift to innovative and proven prescription drugs, they said, is in the long-term interest not only of patient health, but of controlling health care costs.

¶4. (SBU) Ambassador Wilson noted the importance of staying the course on Turkey,s macro-economic progress and the need to implement further economic reforms; one of the IMF,s areas for improvement had been Turkey,s subsidies for consumer health expenditures. He added that part of the U.S. approach on issues of importance to the pharmaceutical industry would be to work closely with the Europeans.

¶5. (SBU) Ambassador also explained the mission's efforts on behalf of U.S. pharmaceutical companies in Turkey. Currently, embassy officials are working closely with their EU counterparts to coordinate our messages about the importance of data protection. In addition to frequent meetings with the MOH, who has ultimate control over data protection and pricing and reimbursement decisions, we also discuss the issue periodically with officials from the Foreign Trade Undersecretariat (FTU), who is responsible for ensuring that Turkey meets its international, including WTO and TRIPS, obligations. We are currently supporting a dialogue between company representatives and FTU officials that would not only provide the opportunity to discuss their concerns but also to present their vision for enhanced investment in Turkey if these problems are eliminated. At the same time, Ambassador also cautioned that Turkey has already entered a pre-election political mode; as in the U.S., governments during these periods are often distracted or focused on addressing constituent demands. The Ambassador counseled the pharmaceutical directors to position their companies and industry now for post-election progress in a more pragmatic political atmosphere.

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